



Tryg – Q2 and H1 2015 results

Audio cast and Q&A 10 July 2015

Transcript

Presentation

Lars Møller, Head of IR

Good morning everyone. Here is Lars Møller, Head of IR at Tryg. We are here to present our Q2 and half-year figures and with me today I have our CEO, Morten Hübbe, and our CFO, Tor Lønnum, and with this short introduction over to you, Morten.

Morten Hübbe, CEO

Thank you, Lars. And I will start with the highlights on slide 3 where we, of course, continue to focus on the area announced on the Capital Markets Day. As expected the run-rate of the efficiency programme will be DKK 150 million this year, expected to grow to DKK 225 million next year and DKK 375 million in 2017. So far this year the number of employees is down 104 people. We are working on informal and Nordic road assistance as two of the main drivers of claims improvements at the moment and we are working on IT sourcing and change of organisation in Commercial as two of the main drivers of cost improvements at the moment. The customer targets are progressing well, satisfaction and number of products per customer is increasing and retention rates are increasing in both Denmark and Sweden while slightly declining in Norway. There are some areas in the portfolio where the current price development is slightly lower than planned and with a potential upwards trend in the Danish economy we see it as quite important to secure enough price adjustments to balance out potential increase in inflation and we do have some focus on smaller bolt-on acquisitions to improve earnings and support the top line in the business.

Now if we continue to slide 4 and the financial highlights then despite a drop of 350 million in investments year-on-year, we deliver a return on equity of 22 % and our first ever semi-annual dividend of DKK 2.50 per share equivalent to some 40 % of the expected full year dividend and really we see that as the strength and a sign of the robustness of our business model that despite turbulence in the financial markets we

can deliver a high ROE and a strong dividend. Combined ratio at an attractive level of 82 %. A small improvement of some 2 % in the technical result before the one-offs in the second quarter of last year, mainly relating to pension liabilities in Norway. The top line drops 1.4 % in local currency. Now sales and retention rates develop according to plan but we do see an issue with price reduction in Motor and that is the main driver of the top line drop where we should remind you that that is more than offset by reduced claims and we see particularly in Danish Motor some 16 % reduction in expected claims costs in the last 3 years. We do also a few large accounts in Corporate that have reduced the top line and as I mentioned some areas, where we do need to secure that continuous price development balances out inflation.

If we turn to slide no. 5 with the customer highlights, we show a strong development in customer satisfaction and as I mentioned an increase in retention rates in both Denmark and Sweden and we also see an increase in the number of customers with three products or more. And I guess, Tor, it is fair to say that we currently see that retention rates are increasing for customers with three products or more while it is declining for customers with only one product emphasising, I think, that our strategy here is right. We are quite satisfied with this development but I think that it is fair to say that if you look at the business areas below there is more variation than the quite strong improvement in the headlines indicates. We continue to drive a lot of focus on price-differentiated products both to improve selection and margins but also to improve our competitive position. We are now three months into the implementation of the new Motor product in Denmark and we do see that the sale of the new product results in slightly higher pricing than the old product but it is still a small proportion of the total Motor portfolio. We are adding now a new small product – what we call change of ownership on car insurance where we are the first company in Denmark to provide this new product. Clearly, it is a small product but it is also an example of a slightly increased focus on introducing smaller, new add-on products to enhance the customer experience and also to add the number of products per customer. And finally, you may have seen that we have now received a conditional approval of the membership bonus in Denmark from the authorities and the final adjustments and approvals will take place expected in the representatives meeting in August – and over to you, Tor.

Tor Magne Lønnum, CFO

Thank you, Morten. Good morning everyone. If we turn to slide no. 7 and just do a bit more of deep diving on the premium side as I am sure you have all seen the positive momentum in top line turns slightly negative in Q2 and I think we continue to see a relatively stable and good development in Private but as Morten mentioned there is some price pressure applying if you look into the Commercial portfolio you see that there is some competitive pressure in the portfolio and I will get back to that. If you look into the Corporate side, I would define it as more of a normal volatility. We have mentioned that we had some one-offs in the same quarter last year. We have also lost a couple of large Corporate accounts but as I said, I would describe it as a normal volatility. If you look into Sweden, we actually see a significant positive development in terms of revenue in that portfolio.

If we move on to slide no. 8, I would say – and focusing on the retention level – clearly there is a strong retention level in Denmark, both in Private and Commercial. Of course, we think of a time getting back to the point that Morten had related to dividend model that is on the margin something that we think will contribute, of course, going a bit forward in time but at least it should be on the balance a positive thing. As I mentioned, if you look into the Norwegian retention both in Private and Commercial you see some downward trend in terms of retention and I think it is two things that I would highlight. One is the competitive pressure that we mentioned earlier but also the fact that we have made a significant change in distribution setup in Commercial that has had some impact on the retention level there which is something that we of course consider will be more temporary although probably for a few quarters to come as well.

If we move on to slide no. 9, you can see that in terms of Denmark we have average prices in Motor dropping by 2.3 % and House dropping by 0.8 %. The development is of course driven by portfolio mix and I think we have mentioned that before. There is no doubt, as Morten mentioned, that profitability in Motor continues to develop favourably due to reduced risk. There is also the improved average premium that Morten mentioned in terms of the new sales for the new product but it is also fair to say that we do see that it will become necessary to take selective price measures in order to compensate for inflation going forward.

If we look into Norway, we see that we still have positive average prices but the positive trend is slightly reduced this quarter. In terms of Motor, we see that we have continued improved profitability, the same as we see in Denmark. In terms of the housing product clearly there is improvement in terms of portfolio mix but the same applies here that I mentioned for Denmark, clearly we will have to effect price increases as well in order to maintain profitability in the product

If we move to slide no. 10, you can see that there is a continued small improvement in technical result, actually reaching DKK 825 million this quarter and of course, the last year was impacted by the DKK 135 million one-off related to the pension scheme and the IT transition. If you look at how the profitability spread, it is a solid profitability in Private and Commercial. Corporate is to a certain extent impacted by large claims and as I am sure, you have seen we have a relatively high run-off in Sweden this quarter.

If we move to slide no. 11, you can see that we have an improved combined ratio in the quarter and of course, it is supported by a positive underlying claims ratio that I will get back to.

Moving on to slide no. 12, the efficiency programme, as you all know, is running at a slightly lower rate here in the beginning of the period and the accumulated savings for the year are at DKK 73 million and DKK 38 million this quarter. In terms of the key drivers, as Morten mentioned, clearly there is the IT infrastructure that we have talked about earlier and of course has an impact this quarter but also the right sizing in terms of the Commercial and looking into the simplification of the Commercial distribution model. In terms of the savings at the claims side it is really important that we see – and I think that we have mentioned this before – but we do see effects now from utilising the fixed price list for housing claims in Denmark which seem to be moving in the right direction and it is something that I would absolutely highlight there.

If we move to slide no. 13, we continue to have a positive development in costs. You see that the number of FTEs is down by 50 or slightly more than 50 since last quarter so a positive development in that respect. You can also see that the nominal costs are down in all business areas, which we are of course very pleased with.

If we move on to slide no. 15 there is, as I mentioned, an overall underlying improvement in the claims ratio by 0.5 % so dropping slightly below 70. There is no doubt that the quarter is impacted by the drop in interest rates and that actually has an impact of 0.5 percentage points when you adjust to the underlying calculations this quarter. There is an underlying improvement in Private and Corporate whereas there is a small increase in Commercial and slightly higher in Sweden. I'd highlight that the two latter are a bit more volatile due to the size and due to the impact of other claims in the portfolio.

If you move to slide no. 16 and I think Morten has highlighted already we have a significant claim in Corporate related to a large production facility. This is something that is outside the Danish space but a normal part of our Corporate portfolio. The claim is clearly covered by a reinsurance programme. That of course distorts the gross figures quite significantly. As I am sure, you have already seen the weather claims continue to be at a low level this quarter. There is some uptake in run-off releases but perhaps slightly less than what you would have expected. To that, I would only highlight the fact that there will be some movements between the quarters, i.e. normal volatility.

If we move on to slide no. 18, as Morten mentioned a significant drop in the investment result this period. It turned actually negative by DKK 84 million – a total drop of almost DKK 350 million. As you can see, we have had some positive performance in the free portfolios, particularly on equities. Then I guess the other thing that I would highlight is the fact that the match portfolio has a negative development this quarter and it is fair to say that it is in particular the fact that the pressure on the Danish krone is the most important driver in that respect and I am sure you will remember that we had a relatively positive on the match portfolio in Q1 so I would argue that it is a relatively normal movement.

If we move to slide no. 19, there is a stable development in capital position. A buffer level at about 50 %. We will get back to the renewal of the subordinated debt in Q3 and there is no news related to the Norwegian natural perils pool or the internal model application. And I think with that I will let you summarise, Morten.

Morten Hübbe, CEO

Thank you, Tor, and on slide 20, we very importantly reiterate our target for 2017. On the financial side a target for an ROE at or above 21 %, for the combined ratio to be at or below 87 % and for the expense ratio to be at or below 14 % in 2017. I think it is quite positive that when we look at the second quarter despite a lot of volatility on the financial markets and a drop of almost DKK 350 million on investments year-on-year we are actually able to deliver a return on equity of 22 % and our first ever semi-annual dividend of DKK 2.5 per share or some 40 % of what is expected to be the total dividend for the year. And that really signals the strength and the robustness of our business model and at the same time, we see in Q2 an improvement of all of our customer measures in the process. If we look at what we are focusing on at the moment there is no doubt that we have a huge focus on delivering the efficiency programme from DKK 150 million this year to DKK 225 million next year and DKK 375 million in 2017 and then of course we continue to have a very strong focus on delivering our price differentiated products because we see that it improves our selection, it improves our margin and it improves our competitive position while at the same time a slightly increased focus to secure that average prices develop in a way that balances out a potential increase in inflation, particularly in Denmark. With that, I think we will hand it over to questions.

Questions and answers

Jakob Brink – ABG

Yes please, I have three question. The first one, could you just tell us a bit more about how it is possible to get 6 % higher prices on the new car product. I guess that must be new customers or how exactly is that working? A second question regarding the underlying improvement. I can see that is 50 basis points underlying combined ratio improvement from Q2 last year, which basically equals the entire DKK 23 million efficiency programme that should impact year-on-year. Last quarter there is hardly anything. What is the latest on how much of the efficiency programme is actually coming to the bottom line? That is the second question. Finally on the interim dividend. Morten, you said that it is around 40 % of the full year just like you said before. Is it exactly 40 % or how are you coming to this DKK 2.50. Thank you.

Tor Magne Lønnum, CFO

Yeah, hi Jakob. I will just in terms of related to the question about the car product. It is fair to say that – and I think we have tried to explain that earlier as well what we have done is that we have increased the price of the TPL-part of the product slightly. We have reduced the price of the comprehensive insurance coverage slightly and then we have introduced separate covers for instance like if you have roadside assistance or coverage of claims on the driver, etc. so the 6 % higher price that we mention is based on the composition of the portfolio. If you make a comparison directly against the same level of products last year so it is – in our mind – the price increase on average premium really stems from the approach in terms of being more granular on the pricing and making sure that you are actually pricing separate covers as I said separately. Now in terms of the underlying and the 50 basis points, I think it is fair to say that there will be no exact link between the DKK 23 million that you mentioned under 0.5 % - that will be volatility because we are not able to be that precise so I think our ambition as we clearly have stated before is that a part of the savings programme will come to the benefit of shareholders and a part will come to the benefit of the customer and we try to balance those two parts the best we can but there will be normal volatility and there will be normal movements in the portfolio.

Now to the interim dividend, the answer is yes. I mean that is – the aim is that it should be approximately 40 % for the full-year dividend. And if you do the math you see that that also fits relatively well with the expectation of the growth we put into the dividend from last year.

In-Yong Hwang – Goldman Sachs

Good morning, this is In-Yong Hwang from Goldman Sachs. I have two questions. Firstly on premiums. Is your premium guidance for correct in line with inflation as the 2016-18 still stands in the light of the continuing competitive position and the competitive environment in Denmark and secondly could you remind you on capital if you have any expectations for the impacts if the internal model is approved and give us an idea what you see as a good ratio or a buffer on the solvency II number. Thank you very much.

Morten Hübbe, CEO

Good morning to you as well – I think if we look at your first question there is no doubt that the fact that we see a slightly lower price development in some areas, particularly Car but also a little bit on House, will put some pressure on the expectation to grow in line with GDP next year and that is why you may see that we have changed the wording in the report saying that we will also include potential impact from small bolt-on to reach the GDP or growth in line with GDP next year so that is the main change in that signal and then of course the important signal that we see a need to slightly adjust or increase prices in areas where inflation will take up and that will be a driver that will be carried out during the more – the period that is just before us – the autumn and the spring but that will mainly be impacting 2017 but small bolt-on will be included in reaching the GDP growth for 2016.

Tor Magne Lønnum, CFO

In terms of the capital expectations I guess it is fair to say that to the latter, i.e. to the buffer we have not stated a buffer level and we will not do that going forward as well – what you probably have observed is that we have been hovering around the 50 % but we have no stated buffer target and I think it is really important to say that we don't want to do that because we are trying to keep into consideration the fact that we are trying to deliver a relatively stable cash dividend and then one of the fluctuating parts will be the capital buffer within the business. Now in terms of capital expectations related to the internal model application as I am sure you have seen on the slide you see what the capital level is based on our internal model and of course we have in the previous as well been reporting what is the difference to the standard model and there is no change in that approach, i.e. that is what we expect as an effect from the internal model application.

Gianandrea Roberti – Carnegie

Yes, good morning from me as well I have a couple of questions as well on something you have already touched upon a little bit but I think in the last 6 months there has

been a lot of discussion on what is going on in Motor insurance in Denmark driven by several things but I think it is reassuring the statement that you are putting out especially on the fact that average prices on new sales are actually up 6 % - I mean, if I really look at the long-term plans on this line of business I guess it is fair to assume that there will be some sort of pressure on the top line but I also have a strong impression that claims will continue to fall down and proportionately more than the top line. Is this something that you would share? That is my first question. And the second one on the run-off, Tor, I appreciate the comment of the volatility in the quarter but indeed I think you had a 4.9 % of run-off in this quarter which is quite a bit below probably most people's expectation. Is it too much to think that you have kept a little bit of fat for more adversities, if there are any in the next few quarters? And the last question is on small bolt-on M&A. I think you mentioned it a few times in this call already and I am just wondering if you can give us some more precise indication – I mean are we talking about a niche line of business like the Securator acquisition of last year or what are you looking at? Thanks a lot.

Morten Hübbe, CEO

Good morning to you Gian – I think on the Motor question I think your logic is right. I think on the 6 % higher new sales price on the new product – some of that goes back to the slightly higher pricing of the liability part as you mentioned Tor and some of it goes to the fact that we are adding new coverage to sort of fill the gap for a slightly shrinking Motor product but if you look at the margin question which I guess is ultimately what we are all searching for we see that just in the last 3 years the actual expected claims expense in Motor is down 16 % and with more and more safe cars and with more and more cars with better smaller engines, etc. we actually expect that development to continue so yes there will be more pressure or continued pressure on the top line but we also expect the claims ratio to continue to fall and I think that by adding on new coverage then hopefully we can balance out some of that. And then I think on your last question on the smaller bolt-on I don't think we should be very precise on that but if you look at the last year or so we have made two acquisitions – one was Securator which was a niche player on extended warranty business and another one was pet insurance in Sweden, also a niche player so I guess we have shown that adding smaller

niches to the existing more efficient machine is a logic that we are following so I guess that is some indicator.

Tor Magne Lønnum, CFO

Now and then to the final question about the run-off, Gian, I think as I said there will be some volatility in terms of the quarters because of course it will be always sort of how you perceive the underlying reserve situation and the work but I think what I would highlight – getting back to your question – is the fact that yes it is perhaps slightly lower than what you would have expected for the quarter but if you look at the year-to-date figures we are at 6.3 % run-off so of course I think it still supports the statement that we have made in terms of the fact that the run-off will be slightly higher than what you have seen in the past.

Christian Hede – *Nordea Markets*

Thank you very much. Most of my questions have been answered but coming back to car insurance and premium developments there, there seems to be some indication that there is an uptake and optimism in Denmark. We also have indications that people are now buying – obviously, they are buying more cars but they are also buying bigger cars so my question is whether you can see this at all and whether that could change the picture. Then I have kind of a detailed question for page 13 in your slide pack where you have this table about nominal costs and I think Tor you were saying that you are happy that costs were coming down for all business units so I just wanted to know how I should look at the one-off effect because if they are one-offs and I take them out then you have increasing costs so yeah that was my two questions. Thank you.

Morten Hübbe, CEO

Well, good morning to you as well, Christian, the first question I think you actually right that we are expecting and seeing the beginning of an early uptake in the Danish economy and I think that you are probably also right that we will see that people will be buying slightly more cars and slightly larger cars. Now, I think we do have to bear in mind the starting point. The starting point is that 75 % of all new car sales in the last

could of years has been small cars so even though that 75 % may drop a little bit, which could be positive, then I think in isolation we are still looking at the next couple of years that the portfolio of older cars or bigger car will become smaller because the 75 % is still a very high number but clearly there could be a slightly longer term positive in the uptake and buying slightly larger cars but as we see it currently, Christian, the main take away we take from the slight uptake in the Danish economy is really more on the inflation risk because it is very clear that if the economy in Denmark starts to recover a bit more there is a good likelihood that inflation will increase as well and I think it is very important for an insurance company not to get on the wrong foot and get caught behind the curve in terms of claims inflation and that is why we are saying and we think it is actually quite important for the entire industry to make sure that we make small price adjustments to make sure that we capture the potential increase in Danish inflation.

Tor Magne Lønnum, CEO

Then to the detailed question, Christian, that is of course something that we can do offline as well but what we have tried to illustrate is really that since the nominal expenses in the same quarter last were impacted by the one-off effect you will see that the 2015 figures are lower nominally than what you had, excluding the one-off effects in the same quarter last year but when that is misinterpreted I see that perhaps we will have to look into the way that we do the illustration, but I just try to make it relatively simple and bear in mind that there are currency effects when you look at the nominal expenses as well so it is not as simple as I described it.

Morten Hübbe, CEO

But what you should bear in mind, Christian, is that you had a positive income last year because we reduced the pension liability so that reduced the cost last year so just bear that in mind when are trying to do the before or after one-off.

Christian Hede – Nordea Markets

Yeah, that's fine, thank you. And Morten we are coming back to your inflation risk question – how you see the discipline in the market because obviously you would like the market to do the right thing and to increase prices to be ready for inflation risk coming but how do you see the situation as it is now?

Morten Hübbe, CEO

To be honest I think it is very early days that we are just getting out of the recessionary thoughts and I think it is very early days for society to expect a slightly higher economic activity and I think if we look at history I think the tradition for our insurance industry is that you do get caught behind the curve in terms of increasing inflation so I don't think we are yet seeing the industry trying to thrive in a slightly higher future inflation but I think it is something that the industry needs to focus on in the coming period.

Tor Magne Lønnum, CFO

And I think just to supplement Morten on that I think it is really important to say that and you have heard me say this before but being the market leader in Denmark, having the brand position that we have, we also need to take the lead in terms of the market so we will, at least to a certain extent, be setting the standard and as such it is really important as Morten said that we look into where do we actually need to take, call it, pre-emptive measures.

Morten Hübbe – CEO

And then I think it is important to say also that we are not talking about very large numbers. It is more a matter of getting the small numbers right at the right point in time and don't get caught behind the curve.

Niccolo Dalla Palma – Exane BNP Paribas

Hi, good morning everyone. Three questions from me. The first one just a quick verification on the 6 % higher prices. Could you just guide us where this is on the GPL part only or if it is an average of GPL and comprehensive insurance, or it even includes the ancillaries? Just to clarify on which part it is. Secondly, on the decreased retention

and the impact on the Commercial lines in Norway whether you could comment on whether this is perhaps related to the insidious policy holder dividend model actually starting to be more successful or whether this is really specific to your own distribution. And lastly, on the negative performance of the match portfolio. You mentioned the currency effect. If you could please explain that further? Isn't there a part related also to the fact that you use a regulatory discount rate, which on the long end clearly moves differently to the asset side when interest rates move up. Thank you.

Tor Magne Lønnum, CFO

Yes, good morning, I will start with the last question. You are quite right, I mean I just tried to make the explanation relatively simple. What we can say is that in Q1 you saw that the spread between European interest rates and Danish interest rates came in a lot due to the pressure on the Danish krone whereas in Q2 you have seen a slightly opposite movement and that is really the most important part and yes of course there is a small element in that which relates to the fact that you are using, as you say, a regulatory interest rate which of course it is not possible to match perfectly. To the question number 2 in terms of retention levels in Norway on the Commercial side I think I tried to highlight two things – it is important to say that a significant part of that development is due to our own transition of the Norwegian distribution setup but it is also fair to say that in the last quarter and probably in the quarters to come as well there will be some impact due to what you have seen in the Norwegian economy so I don't think it is really a discussion about a specific player in the market. I think it is more a question about what is going on in the marketplace and in particular, the specific issues related to our own setup.

Morten Hübbe, CEO

Just to give you a little bit of colour on the structure with changes we are doing in Commercial Norway. We have moved a number of customers from Corporate to Commercial that is one. We are moving a number of tasks from the back office to the front office that is another. We are moving a number of sales resources from own sales to franchising, which is the biggest driver we have in Private sales in Norway but a smaller driver in Commercial and these are rather large structural changes, which

means that there are areas where our service level has not been quite high enough and also that there are areas where in the transition process the sales actually as well have been slightly lower than planned but as Tor said we are not seeing one particular competitor being out of normal in terms of lapse ratio and then I think on your first question regarding the 6 % on new car sale it is important to say that that is the total impact so if we look at the total price of new car sales in the new product versus what we had on the old product that actually is a composition of the slightly higher price on liability and the add-on products and the purchase of those so the 6 % is the sum of all of it.

Niccolo Dalla Palma – *Exane BNP Paribas*

OK, very clear and if I may very quickly follow up also on the comments regarding potential bolt-on. Is the reason for mentioning this more explicitly this time that you actually see a number of opportunities out there that are available?

Morten Hübbe, CEO

Well, I think you know, when you know the Nordic markets well I think it is fair to say that there is not a large number of opportunities so we should not signal that in a wrong way. I think the main logic for mentioning it is that we see that with the slightly lower average price development it is important to say that we stick by our expectation of GDP growth next year but the new signal is that we expect some element of small bolt-on to be part of reaching that target and that is why we are mentioning it.

Tor Magne Lønnum, CFO

And just to follow up on that I think we forgot to answer that fairly to your question as well Gianandrea but just say that in terms of bolt-on I think we have highlighted before as well that the one other thing that we would like to achieve is a better development in terms of new or sort of growing – or products that are growing perhaps slightly on the outside of the traditional products, of course that will be one of the areas where we will be looking for that kind of bolt-on.

Morten Hübbe, CEO

Yes, it fits really overall with the scenario where if one of the larger products be that Motor is shrinking a bit in terms of size, which is not really a challenge in terms of margins because claims are falling more rapidly than the price but of course when that volume shrinks a bit we would like to add a little bit of new products that have a slightly more positive contribution to the total volume and also making sure that we take the advantages of having a more efficient total business model and we will do some of that organically. That is why we are adding smaller new products with more focus than we have done before and then a little bit of bolt-on but don't expect a long list because there is not such a list in the market.

Per Grønberg – Danske Markets

Yes, good morning it is Per from Danske also with a couple of questions from my side. You talked a lot about the competition in Denmark. What do you see as the difference or are there differences to the Norwegian market? Are you starting to see any impact of the slowing Norwegian economy due to the lower oil price in Norway? That was the first question. My second question is quite specific when you go into the investment income and the other lines which have been some DKK 70-80 million the last two quarters. Last year you guided for a run-rate of 200. Is that guidance still valid going forward at the other side will end up around 200 going forward and my final question is: In connection with Q1, there was some discussion about potential restructuring charges later in the year. Any update on that topic?

Tor Magne Lønnum, CFO

Hi Per, good morning. If we take the last question first, we do plan for a restructuring charge in Q3 but no news really. As I think we have mentioned before it is really important that we get that right in terms of the number of FTEs and that it does not come as a surprise to the organisation that is really why we have been trying to plan for it so no news really in that respect. In terms of the investment side there is really no news in terms of expectations so more or less in line with what we have communicated before. Clearly of course what happens on the bond side is that when you have actually a drop in the short-term end that will have an effect on the free portfolio since their

duration is so short but other than that the expectations are more or less the same as they have been in the past.

Morten Hübbe, CEO

I think on the first question, I think you are right to ask the question about macro in Norway because I guess we have had a couple of years where there has been a significant increase in new car sales in Norway and there has been higher and more activities to insure together with of course the oil price going up and then down. I think we are not probably the company with the strongest link to the macro question. We are not strong in the Stavanger area where they will see the biggest change in Norwegian macro but are starting to see that new car sales increase is coming to a lower level. We are also starting to see lower activity levels amongst our Commercial customers so I do think they will have less tail winds on Commercial volumes in Norway in the coming years than in the previous years but then on the other hand we are starting to see that the rather depressed economic development in Denmark is lightening a bit and that we are starting to see a slightly higher activity level so to some extent those two trends will offset each other with a negative development in Norway and a slightly more positive in Denmark and then we will see that the timing and the volumes but there will be some offset between the two.

Per Grønberg – *Danske Markets*

Who are the biggest insurance players in the Stavanger area?

Tor Magne Lønnum, CFO

Good question, I guess it will be – it will probably be the other three larger players. I don't think there is any sort of specific niche player related to the Stavanger area actually but you know the reason for mentioning the other three is of course the fact that you have Sparebank 1 being a relatively large savings bank in the area so of course there will be some insurance portfolio related to that bank and perhaps If has a relatively large exposure. It is a relatively precise question, Per.

Morten Hübbe, CEO

I think we are focusing more, Per, on whether our exposure is you know market share normal or above normal or below normal and our market share in that region is below normal for the full country and maybe you should ask the others the same question instead.

Lars Møller, Head of IR

Thank you very much for participating in the call this morning. And thanks to Morten and Tor here and just to remind you that the last page is showing our plans for the roadshow so we will be here around in Copenhagen today and in London next week. Then we will be off for the summer season – some of us are going to Greece to support the economy down there and then we will return here in August again and join a couple of conferences and roadshows as well so with this just a short update on the roadshow schedule. I wish you all a nice summer holiday and of course, you can feel free to give us a call during the day, on Monday and Tuesday as well if you have any questions. Thank you.